

Message Text

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ACTION NEA-10

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UNCLAS CALCUTTA 2052

FOR NEA/INS

E.O. 11652: N/A

TAGS: BDIS, IN

SUBJ: TRADE COMPLAINT: CHEMETRON CORP, VS GANGES PRINTING
 INK FACTORY LTD., CALCUTTA

REF: (C) CALCUTTA 0696, (A) LIEBOWITZ-NACH (INDIA DESK,
 NEA/INS) OM OF MARCH 12, (B) STATE NACH-LIEBOWITZ
 LETTER OF MARCH 19

1. UNFORTUNATELY THE PROBLEM OF THE CHEMETRON CORPORATION
AND THE SHIPMENT OF REFLEX BLUE PASTE TO THE GANGES PRINT-
ING INK FACTORY LTD. IS STILL UNRESOLVED, BUT PROSPECTS
FOR RESOLUTION HAVE RECENTLY BECOME BRIGHTER.

2. AT THE TIME OF CONGEN'S LAST CORRESPONDENCE WITH THE
DEPT. ON THIS MATTER, IT APPEARED GANGES WAS MOVING TOWARD
OBTAINING GOVERNMENT PERMISSION TO CLEAR THE REFLEX BLUE
PASTE AND SETTLE WITH CHEMETRON. HOWEVER, IT BECAME
APPARENT TO US OVER THE COURSE OF THE NEXT SEVERAL MONTHS
THAT GANGES WAS NOT COOPERATING WITH THE PUNJAB NATIONAL
BANK (PNB) OR THE RESERVE BANK OF INDIA (RBI) IN UNDER-
TAKING THE NECESSARY STEPS TO CLEAR THE SHIPMENT AND
OBTAIN RBI PERMISSION TO REMIT THE MONEY IT OWED TO
CHEMETRON. BECAUSE OF DELAYS BY GANGES, IT WAS NOT UNTIL
MAY 20 THAT THE PNB WAS ABLE TO FORWARD GANGES' APPLICA-
TION TO THE RBI FOR PERMISSION TO REMIT THE MONEY TO
CHEMETRON. THE RBI REPLIED BY INSTRUCTING PNB TO HAVE
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GANGES(A) RETIRE THE DOCUMENTS AGAINST PAYMENT FROM PNB

AFTER PAYING THE FULL C.I.F. VALUE OF THE CONSIGNMENT;
(B) THEN CLEAR THE GOODS AFTER PAYING THE CUSTOMS DUTIES,
PORT RENTAL AND OTHER CHARGES; AND (C) UPON COMPLETING THE
ABOVE FORMALITIES, REAPPLY THROUGH PNB FOR RBI PERMISSION
TO REMIT THE MONEY TO CHEMETRON. IN ADDITION, GANGES HAD
TO REVALIDATE THE END-USER'S IMPORT LICENSE WHICH EXPIRED
OVER A YEAR AND A HALF AGO BEFORE CUSTOMS WOULD GIVE THEM
PERMISSION TO CLEAR THE GOODS. GANGES DID NOT ACT PROMPTLY
ON THESE INSTRUCTIONS, WHICH PNB TRANSMITTED TO THEM IN A
REGISTERED LETTER DATED JUNE 17. FIALLY, GANGES RETIRED
THE DOCUMENTS AGAINST PAYMENT AND PAID PNB THE FULL C.I.F.
VALUE OF THE CONSIGNMENT DURING THE WEEK OF AUGUST 8, SOME
TWO WEEKS' AFTER THE DEADLINE SET BY PNB. THIS MEANS GANGES
IS NOW REQUIRED TO COMPLETE THE TWO REMAINING FORMALITIES
(B) AND (C) ABOVE. IF ALL GOES WELL, CHEMETRON SHOULD
RECEIVE ITS MONEY WITHIN THE NEXT ONE TO TWO MONTHS.

3. ACCORDING TO A LOCAL COMPETITOR OF GANGES, THE LATTER'S
SUDDEN RUSH TO CLEAR THE SHIPMENT AFTER MONTHS (OR YEARS)
OF VACILLATION IS PROBABLY DUE TO THE FACT THAT REFLEX
BLUE PASTE HAS BECOME DOMESTICALLY SCARCE AND CONSIDERABLY
MORE COSTLY. SINCE THERE IS EVERY INDICATION GANGES HAS
A SERIOUS NEED FOR THIS PASTE, WE ARE HOPEFUL CHEMETRON
WILL INDEED RECEIVE ITS MONEY IN SEVERAL MONTHS.

4. WE HAVE NO OBJECTION TO THE ABOVE BEING PASSED TO
CHEMETRON.
KORN

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NNN

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